



# INDUSTRY CIRCULAR

DEPARTMENT OF  
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, D.C. 20226

Number 82-11

Date October 29, 1982

## CIGARETTE TAX INCREASE EFFECT ON BOND SUFFICIENCY

### MANUFACTURERS OF TOBACCO PRODUCTS AND PROPRIETORS OF TOBACCO EXPORT WAREHOUSES

**PURPOSE:** The purpose of this Industry Circular is to alert manufacturers of tobacco products and proprietors of tobacco export warehouses of the need for strengthening or superseding bonds.

**BACKGROUND AND REQUIRED ACTION:** Public Law 97-248 was enacted on September 3, 1982, and increases the Federal tax on small cigarettes from \$4.00 to \$8.00 per thousand, and on large cigarettes from \$8.40 or more per thousand to \$16.80 or more per thousand, and is effective January 1, 1983.

Due to the tax increase some manufacturers of tobacco products and proprietors of export warehouses will, beginning January 1, 1983, have tax liabilities in excess of the bond coverage which is required by 27 CFR 270.133 or 290.123.

Therefore, manufacturers of tobacco products and proprietors of export warehouses who will have cigarettes in bond after January 1, 1983, shall, prior to January 1, 1983, file and obtain the approval of the Regional Regulatory Administrator for a strengthening or superseding bond in a sufficient amount to provide surety for their tax liabilities after January 1, 1983, as required under 27 CFR Part 270 or Part 290.

Not affected by this requirement are manufacturers of tobacco products and proprietors of export warehouses having bonds in the maximum amount under 27 CFR Part 270 or Part 290. Also unaffected are manufacturers of tobacco products and proprietors of export warehouses whose tax liabilities under those Parts will not exceed \$1000 after January 1, 1983.

INQUIRIES: If you have any questions about whether you will need a superseding or strengthening bond, or about filing such a bond, please contact the office of your Regional Regulatory Administrator.

*Stephen E. Higgins*  
Acting Director